

**STATE OF UTAH
WATER QUALITY
STATE REVOLVING FUND**



(Stansbury Park – Project #186)

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**
State Fiscal Year 2011

Table of Contents

Executive Summary	2
Mission Statement	2
Goals, Objectives, and Implementation Plans	2
Details of Accomplishments	4
Additional Subsidization.....	6
Green Project Reserve.....	7
Current Status and Proposed Improvements.....	7
Management.....	8
Table 1 - Utah SRF Accomplishments to June 30, 2011	9
Table 2 - Cash Draw Schedule for SFY 2011.....	11
CWSRF Benefits Reporting.....	12
Basic Financial Statements	17
Notes to Financial Statements.....	20
Supplementary Information	28

Executive Summary

The State of Utah's Water Quality Revolving Fund (the SRF) was established pursuant to Title VI of the Federal Clean Water Act of 1987. The SRF provides low interest rate loans to finance the construction of publicly owned water quality preservation and protection facilities.

The Utah Department of Environmental Quality (DEQ) administers the SRF through the Division of Water Quality. The Utah Water Quality Board (the Board) is comprised of eleven members who are appointed by the Governor. The Board develops administrative rules for program implementation and authorizes loans under the SRF. Primary SRF activities of the Division of Water Quality include: administering loans for water quality, assisting communities to properly treat and dispose of wastewater, and managing fund transactions.

The Division of Water Quality serves as staff for the Board and manages the day-to-day operations of the SRF. The Division of Water Quality receives assistance and support from the Department of Environmental Quality - Office of Support Services, the Department of Administrative Services - Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office. The salaries and benefits of DEQ employees, as well as indirect costs based on direct salary costs, are charged to the SRF. Employees who charge time to the SRF are covered by the State of Utah personnel benefits plan. State indirect costs for general state expenses are also charged to the SRF through a cost allocation plan.

With approval from the Environmental Protection Agency, the State of Utah established a Hardship Grant Program during State Fiscal Year 1993. This grant program was partially funded by hardship assessment fees that were charged in lieu of interest on loans awarded through the SRF. Hardship grant assessment payments are deposited into a Federal Hardship Grant Fund, which is separate from the SRF. The Federal Hardship Grant Fund is used to award grants to communities that are otherwise financially unable to participate in the SRF loan program. The SRF financial statements included in this report account for hardship grant assessments, grant awards, and Federal Hardship Grant Fund interest earnings. For loans closed after July 1, 1999, federal hardship grant assessments are used in accordance with the EPA policies and regulations.

Utah also operates a State loan program, which provides Utah the flexibility to fund needed water quality projects without certain restrictions that accompany the SRF program. State match funds for the SRF have been generated from the State loan program.

Mission Statement

The mission of the Department of Environmental Quality is to safeguard human health and quality of life by protecting and enhancing the environment.

Goals, Objectives, and Implementation Plans

Projects which preserve and protect water quality within the State of Utah will be considered for financial assistance. Projects will not be limited to the treatment of municipal waste.

Long-Term Program Goals

1. Provide a permanent source of funding that can be used in combination with community and other funding sources in order to assist the financing of wastewater facility construction and water quality projects.
 - All projects that have been or will be funded from the SRF will receive loans, which require an annual repayment of principal. Since its inception, the fund balance has been increasing steadily. Cash flow projections indicate that the fund will continue to generate a repayment stream for the funding of future projects.
2. Evaluate and prioritize water quality needs within the state in order to distribute funds to the most environmentally needy projects.
 - All projects that have received or are planning to receive loans from the SRF are high priority projects that meet a critical need as defined by the Utah State Project Priority System.
3. Maximize the use of funds by offering state financial assistance for sufficient and affordable funding of construction projects.
 - The SRF balances the environmental and economic need for individual projects, which support EPA's Sustainability Policy. A financial feasibility review is performed before a project is authorized for a SRF loan. This review evaluates the rate of interest that an entity can afford to pay and its ability to repay a loan. Unless the entity is determined capable of repaying the loan, an authorization is not made.
 - The Hardship Grant Program was created specifically to provide funding for projects that would not be able to secure sufficient loan funds due to financial restraints.
 - The Water Quality Board assists communities addressing needs for adequate wastewater facilities and recognizes that these facilities must be sized for future growth. When helping communities provide wastewater infrastructure for existing and future users, the Board should be satisfied that proper and adequate planning has taken place so that environmental and quality of life problems associated with sprawl are not fostered by its funded projects.

Short-Term Program Goals

1. Assist prospective recipients with funding application preparations from initial facility planning through authorization of funding.
 - Each community in the IUP receives facility planning and funding application preparation assistance.
2. Assist recipients during the completion of construction for projects that have received

financial assistance from prior year funds.

- Water Quality assists each community from the beginning stages of application, planning, and design through the completion of construction.

Details of Accomplishments

Financial Status of the SRF

The State Revolving Fund receives Capitalization Grants from the EPA and 20% state match funds for obligated grants.

The fund increases with revenues from interest on loans and interest earned on investment funds. The net income from fund activities continues to increase and the fund balance is increasing steadily.

Assistance Activity

As of June 30, 2011, one hundred and six (106) loans have been closed with all but one project having begun construction. A total of eighty-eight (88) of those projects completed construction (see Table 1 for details).

Provisions of the Operating Agreement/Conditions of the Grant

The State of Utah agreed to twenty-four conditions in the Operating Agreement. Twelve conditions have been met and need no further description and are as follows:

1. Agreement to Accept Payments
2. State Laws and Procedures
3. State Accounting and Auditing Procedures
4. Recipient Accounting and Auditing Procedures
5. Use of the LOC
6. Repayments
7. Annual Audit
8. Annual Report
9. Annual Review
10. Anti-lobbying
11. Drug Free Workplace
12. Rural Area Business Enterprise Development Plan

The remaining eleven conditions described in the Operating Agreement have also been met and are described below:

13. Provide State Match - State matching funds have either been added to the fund or committed to the SRF in the amount required by the Clean Water Act. State match funds are available from the Utah Wastewater Project Assistance Program.
14. Repayment Begins within One Year of Construction End – Principal and interest repayments of the Utah State Revolving Fund begin within one year of construction completion. This allotted time allows revenue accumulation for one annual loan payment.
15. Extended Term Financing – Utah ensures that the long-term revolving nature of the fund is protected. Based on Clean Water NIMS data, the three-year rolling average for 2009, 2010, and 2011 is \$24,339,838, which is above the established baseline of \$10,770,155.
16. Expeditious and Timely Expenditure - Utah has disbursed all cash draws in a timely and expeditious manner. Construction has begun on all SRF projects within a short period after loans are closed. (See Table 1 & Table 2 for details.)
17. First Use for Enforceable Requirements - Prior to receiving the Capitalization Grant, Utah had met the requirements of Section 1382(b) (5) of the Clean Water Act. This section requires that all Capitalization Grant funds be used first in order to assure maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Clean Water Act.
18. Eligible Activities of the Fund - All projects that have received SRF loans have either expended loan proceeds for eligible costs or used “banked equivalency.”
19. Compliance with Title II Requirements - In accordance with Section 1382 (b) (6) of the Clean Water Act, the SRF is required to meet sixteen specific Title II “equivalency” requirements for wastewater treatment projects under Section 212 which have been constructed, in whole or part, before October 1, 1994, with funds “directly made available by the Capitalization Grant.” The State has met equivalency requirements up to October 1, 1994 and documented that compliance in previous annual reports. Since there was no requirement under this statute beyond the October 1, 1994 date, there has been no additional reporting for equivalency in this report.
20. MBE/WBE Requirements - The State negotiated fair share utilization goals with Region VIII for participation on activities financed by the SRF. During the state fiscal year, the SRF program has met or exceeded the minimum Disadvantaged Business Enterprise (DBE) utilization program requirements. Construction projects have either implemented fair share utilization goals for DBE participation or have demonstrated that a good faith effort was made to provide opportunity for qualified DBE involvement.
21. Other Federal Authorities - The State and all recipients of SRF funds, which were made available directly by the Capitalization Grant, have complied with applicable federal authorities. Recipients of SRF assistance agreed to this as a condition of the bond agreement between the loan recipient and the State.

22. State Environmental Review Process - During the fiscal year, the State was actively involved in assisting potential SRF projects with planning. Environmental impacts are being carefully considered with each plan. No loans are closed with a community until a Categorical Exclusion, Finding of No Significant Impact, or Environmental Impact Statement is issued.
23. Cash Draw Procedures - Table 2 of this report includes the amount of funds drawn from the federal Letter of Credit (LOC) and from the state match for loan projects and administration during the fiscal year.
24. Outlay Projections - The FY11 Intended Use Plan (IUP) projected draws for loans from the federal LOC equal to \$35,622,361. During SFY 2011 a total of \$20,511,916 was actually drawn, which is approximately 58% of the projected amount.

Additional Subsidization

The American Recovery and Reinvestment Act of 2009 required the Clean Water SRF program to provide a minimum threshold of \$10,324,950 in additional subsidy assistance. In order to meet this requirement, qualifying subrecipients were authorized principal forgiveness. Recipients that would not be able to afford a loan without additional subsidy are considered a "Hardship Community." The following table details information regarding projects which received additional subsidy assistance from ARRA funds:

Recipient Name	Project #	Loan Amount	Principal Forgiveness Amount	Hardship Community
Kearns ID	174	5,025,000	1,200,000	No
Ogden City	184	1,150,000	1,150,000	No
Salt Lake City	173	6,450,000	150,000	No
Salt Lake City NPS	182	577,500	439,039	No
Salt Lake County	183	484,200	440,695	No
Snyderville Basin	181	300,000	285,104	No
Stockton Town	171	\$8,370,000	\$5,423,000	Yes
Stockton Town	171	970,000	970,000	Yes
USURF	180	500,000	500,000	No
Wildlife Resources	179	540,788	520,935	No
Totals		\$24,367,488	\$11,078,773	

The 2010 Capitalization Grant requires that not less than 15.7% of assistance provided is in the form of additional subsidies, which is equal to \$1,607,912. The maximum amount of additional subsidy assistance that can be authorized is \$5,359,707. The State of Utah met this objective by providing principal forgiveness to the following project/s.

Recipient Name	Project #	Loan Amount	Principal Forgiveness Amount	Hardship Community
Mona City	166	\$11,668,000	\$4,318,000	Yes

Green Project Reserve

The American Recovery and Reinvestment Act of 2009 required that a minimum threshold of at least 20% or \$4,129,980 of the funds be utilized for water or energy efficiency, green infrastructure, or other environmentally innovative activities. For specific projects and amounts, please refer to the following table:

Recipient Name	Project #	Loan Amount	Green Project Reserve Amount	Project Type
Roosevelt City	175	\$2,882,000	\$2,118,281	Water Efficiency
Salt Lake City	173	6,450,000	7,211,733	Energy Efficiency
Ogden City	184	1,150,000	1,150,000	Green Infrastructure
Salt Lake City NPS	182	577,500	439,039	Green Infrastructure
Salt Lake County	183	484,200	440,695	Green Infrastructure
Wildlife Resources	179	540,788	520,935	Green Infrastructure
Snyderville Basin	181	300,000	285,104	Green Infrastructure
USURF	180	500,000	500,000	Green Infrastructure
Totals		\$12,884,488	\$12,665,787	

The 2010 Capitalization Grant requires that at least 20% of the funds, equal to \$2,147,200, be utilized for water or energy efficiency, green infrastructure, or other environmentally innovative activities. The State of Utah met this objective by funding the following project/s:

Recipient Name	Project #	Loan Amount	Green Project Reserve Amount	Project Type
Orem City	172	\$11,889,000	\$3,244,000	Energy Efficiency

Current Status and Proposed Improvements

Since its inception, the State Revolving Fund has been steadily increasing and has grown into a permanent source of financial assistance for the construction of water quality projects throughout the State of Utah.

Each year, there are water quality projects in Utah that do not receive funding directly from the SRF. Utah encourages community self-reliance through prudent planning and cooperative efforts to utilize other sources of available financial assistance.

Many of the larger wastewater treatment facilities located in high population areas of the State have developed their own sources of financing construction without the utilization of the State Revolving Fund. Medium-sized communities heavily rely on the SRF to provide additional assistance in order to make wastewater treatment affordable to their citizens. To allow affordability, communities with small populations use the Rural Development Administration in combination with the Utah Wastewater Project Assistance Program for loans and grants to finance their wastewater projects.

The Community Impact Board funding is used by communities located within impacted communities.

Management

The Utah Water Quality Board governs the State Revolving Fund, sets policy, and authorizes assistance. The Division of Water Quality, Engineering Section manages the State Revolving Fund.

TABLE 1

UTAH STATE REVOLVING FUND ACCOMPLISHMENTS TO JUNE 30, 2011

PROJECT	IDENTIFICATION	NE	Type*	%	Hardship	Term	Need	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Recipient Name	Project Number	E			Assmt		IVa&b	Loan Amount:	Binding Commitment	Construction Start	Construction Complete	Construction Start	Construction Complete	Construction Start	Construction Complete	Construction Start	Construction Complete
Smritfield City	101	+	L	0.00%		20 yrs	I	3,630,300	3,630,300	May-88	Aug-88	May-88	Aug-88	May-88	Aug-88	May-88	Aug-88
South Davis SID - North	102	+	L	3.00%		20 yrs	I	4,498,440	4,498,000	Jan-89	Jan-89	Jan-89	Jan-89	Jan-89	Jan-89	Jan-89	Jan-89
Central Davis SID - Ph 4	103a	+	L	3.00%		20 yrs	I	1,250,000	1,250,000	Aug-89	Aug-89	Aug-89	Aug-89	Aug-89	Aug-89	Aug-89	Aug-89
Providence City	104	+	L	0.00%		18 yrs	IVa & b	3,500,000	3,500,000	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89
Selftude ID Phase I	105	+	L	0.00%		20 yrs	IVb	3,200,000	2,993,000	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89	Sep-89
Central Davis SID - Ph 5&6	103b	+	L	3.00%		20 yrs	I	1,150,000	1,150,000	Aug-88	Aug-88	Aug-88	Aug-88	Aug-88	Aug-88	Aug-88	Aug-88
Central Davis SID - Ph 5&6	108	+	L	5.00%		20 yrs	I	500,000	850,000	Mar-80	Mar-80	Mar-80	Mar-80	Mar-80	Mar-80	Mar-80	Mar-80
South Davis SID - North	107	+	L	5.00%		20 yrs	I	4,300,000	4,205,000	Feb-90	Feb-90	Feb-90	Feb-90	Feb-90	Feb-90	Feb-90	Feb-90
Selftude ID (phase II & III)	112	+	L	0.00%		20 yrs	IVa&IVb	1,300,000	2,376,716	Mar-91	Mar-91	Mar-91	Mar-91	Mar-91	Mar-91	Mar-91	Mar-91
Hyde Park City	106	+	L	0.00%		18 yrs	IV b	1,750,000	800,000	Dec-91	Dec-91	Dec-91	Dec-91	Dec-91	Dec-91	Dec-91	Dec-91
South Weber City	114	+	L	0.00%		20 yrs	IVa&IVb	3,006,000	3,056,000	Mar-92	Mar-92	Mar-92	Mar-92	Mar-92	Mar-92	Mar-92	Mar-92
South Davis SID - South	115	+	L	4.00%		20 yrs	I	3,441,000	4,475,000	Sep-92	Sep-92	Sep-92	Sep-92	Sep-92	Sep-92	Sep-92	Sep-92
Aurora City	119	+	L	0.00%		20 yrs	IVb, IVa&I	985,000	985,000	May-93	May-93	May-93	May-93	May-93	May-93	May-93	May-93
Timpanogos SD (sludge)	125	+	L	3.50%		10 yrs	II	1,300,000	1,300,000	Jun-93	Jun-93	Jun-93	Jun-93	Jun-93	Jun-93	Jun-93	Jun-93
St George City	123	+	L	3.50%		20 yrs	I	4,000,000	4,000,000	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93
Santaquin City	109	+	L	0.00%		20 yrs	IVa&IVb	2,307,000	1,307,000	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94
Orem City	128	+	L	0.00%	3.50%	20 yrs	I	3,500,000	3,500,000	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94
North Davis Co SID	128	+	L	0.00%	3.50%	20 yrs	II	4,000,000	4,000,000	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93	Dec-93
Snyderville Basin SID	122	+	L	0.00%		20 yrs	I	2,500,000	2,500,000	Mar-94	Mar-94	Mar-94	Mar-94	Mar-94	Mar-94	Mar-94	Mar-94
Magna ID	132	+	L	0.00%	3.50%	20 yrs	IVb, I	2,320,000	2,320,000	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94	Feb-94
Timpanogos SD	135	+	L	0.00%	4.00%	20 yrs	IVb	2,900,000	2,900,000	Jul-94	Jul-94	Jul-94	Jul-94	Jul-94	Jul-94	Jul-94	Jul-94
Cedar City	117	+	L	0.00%	2.75%	20 yrs	I, II & IVb	12,010,000	12,010,000	Aug-94	Aug-94	Aug-94	Aug-94	Aug-94	Aug-94	Aug-94	Aug-94
Provo City	131	+	L	0.00%	3.50%	7 yrs	II	1,185,000	1,185,000	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94
Jordanville SAD	130	+	L	0.00%	3.00%	10 yrs	IVb	2,137,000	2,736,000	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94
Midway Sanitation District	113	+	L	0.00%	3.00%	10 yrs	IVb	0	151,000	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94	Dec-94
Mapleton City	116	+	L	0.00%		20 yrs	IVa & IVb	4,320,500	6,330,000	May-94	May-94	May-94	May-94	May-94	May-94	May-94	May-94
Snyderville Basin SID	134	+	L	5.00%		15 yrs	II	1,500,000	1,500,000	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95
Moab City	124	+	L	0.00%		20 yrs	I	3,287,000	3,278,000	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95	Jul-95
Highland City	129	+	L	4.50%		10 yrs	I	1,821,000	1,821,000	Apr-96	Apr-96	Apr-96	Apr-96	Apr-96	Apr-96	Apr-96	Apr-96
Central Davis Co, SD	144	+	L	0.00%		20 yrs	IVa & b	2,500,000	2,176,000	Apr-97	Apr-97	Apr-97	Apr-97	Apr-97	Apr-97	Apr-97	Apr-97
Nibley City	140	+	L	0.00%	4.50%	30 yrs	IVa & b	5,100,000	5,100,000	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01
St. George City	142	+	L	0.00%	1.00%	20 yrs	I & II	12,000,000	12,000,000	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97
Mapleton City	143	+	L	0.50%		20 yrs	IVa&b	0	3,070,000	Dec-97	Dec-97	Dec-97	Dec-97	Dec-97	Dec-97	Dec-97	Dec-97
Tooele City	111	+	L	0.00%	3.50%	20 yrs	I & II	7,570,000	7,570,000	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97	Sep-97
Washington City	213	+	L	0.00%	2.00%	20 yrs	IVb&IIa	3,356,000	3,356,000	May-99	May-99	May-99	May-99	May-99	May-99	May-99	May-99
Ephraim City	212	+	L	0.00%	3.50%	20 yrs	I	2,100,000	2,100,000	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99
Minersville City	209	+	L	0.00%	1.00%	20 yrs	I	525,000	525,000	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99	Sep-99
Escalante City	214	+	L	0.00%	2.00%	20 yrs	I	563,000	563,000	Oct-99	Oct-99	Oct-99	Oct-99	Oct-99	Oct-99	Oct-99	Oct-99
Richfield City	204	+	L	0.00%	4.00%	20 yrs	IIIb	4,000,000	4,000,000	Nov-99	Nov-99	Nov-99	Nov-99	Nov-99	Nov-99	Nov-99	Nov-99
Price River WID	145	+	L	4.50%		20 yrs	I	1,000,000	1,000,000	May-00	May-00	May-00	May-00	May-00	May-00	May-00	May-00
Green River City	110	+	L	0.00%		20 yrs	IIIb	870,000	870,000	Jun-00	Jun-00	Jun-00	Jun-00	Jun-00	Jun-00	Jun-00	Jun-00
Salina City	211	+	L	1.00%		20 yrs	IIIb & IVb	2,750,000	2,725,000	Mar-00	Mar-00	Mar-00	Mar-00	Mar-00	Mar-00	Mar-00	Mar-00
Salina City (increase)	218	+	L	1.00%		20 yrs	IIIb & IVb	4,000,000	4,000,000	Aug-00	Aug-00	Aug-00	Aug-00	Aug-00	Aug-00	Aug-00	Aug-00
Snyderville Basin (PR)	146	+	L	2.00%		10 yrs	I	4,000,000	4,190,000	May-00	May-00	May-00	May-00	May-00	May-00	May-00	May-00
Sunrise City	154	+	L	0.00%		20 yrs	IIIb	635,000	635,000	Apr-01	Apr-01	Apr-01	Apr-01	Apr-01	Apr-01	Apr-01	Apr-01
West Haven SD	152	+	L	0.00%		20 yrs	IVb	6,536,000	6,536,000	Sep-00	Sep-00	Sep-00	Sep-00	Sep-00	Sep-00	Sep-00	Sep-00
Hildale City	118	+	L	0.00%		20 yrs	I & IVb	1,585,000	1,585,000	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01
Payson City	148	+	L	0.00%		25 yrs	I	8,479,000	7,479,000	May-01	May-01	May-01	May-01	May-01	May-01	May-01	May-01
Bear Lake SSD	220	+	L	0.00%		20 yrs	I & IVb	2,230,000	2,230,000	Jul-02	Jul-02	Jul-02	Jul-02	Jul-02	Jul-02	Jul-02	Jul-02
Beaver City	217	+	L	0.00%	4.00%	20 yrs	I & IVb	2,950,000	2,050,000	Oct-01	Oct-01	Oct-01	Oct-01	Oct-01	Oct-01	Oct-01	Oct-01
Oakley City	221	+	L	0.00%		20 yrs	I	400,000	400,000	Jun-02	Jun-02	Jun-02	Jun-02	Jun-02	Jun-02	Jun-02	Jun-02
South Salt Lake City	202	+	L	0.00%		20 yrs	I	1,200,000	1,200,000	Aug-02	Aug-02	Aug-02	Aug-02	Aug-02	Aug-02	Aug-02	Aug-02
Mapleton City	160	+	L	0.00%	2.00%	20 yrs	I	1,100,000	1,100,000	Sep-03	Sep-03	Sep-03	Sep-03	Sep-03	Sep-03	Sep-03	Sep-03
Nibley City (increase)	142	+	L	0.00%		30 yrs	IIIa & IVb	5,054,000	5,054,000	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01	Jul-01

TABLE 1 (continued)
UTAH STATE REVOLVING FUND
ACCOMPLISHMENTS TO JUNE 30, 2011

PROJECT	NE	E	NE	Type*	%	Assmt	Term	Need	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Recipient Name									Loan Amount		Binding Commitment		Construction Start		Construction Complete	
Nibley City (Increase)	142	+	+	L	0.00%		30yrs	IIla & IVb	6,054,000	275,000	Jan-01	Jan-04	Mar-03	May-03	May-04	
Hyrum City	209		+	L	0.00%	1.30%	20yrs	I	4,220,000	4,220,000	Aug-03	Dec-03	Aug-03	Dec-05	Feb-06	
Fairview City	120		+	L	0.00%		30yrs	IVa, IVb, I	1,600,000	2,400,000	Jan-04	Feb-04	Mar-04	Mar-04	Jul-05	
Gubler	NPS002		+	L	0.00%		12yrs	NPS	43,838	43,838	Jan-04	Feb-04	Jul-03	Jan-04	Jan-04	
North Davis Sewer District	157		+	L	2.74%		20yrs	I, II	20,000,000	20,000,000	Jun-03	Jun-04	Oct-03	Oct-05	Feb-06	
North Davis Sewer District (Increase)	157		+	L	2.33%		20yrs	I, II	20,000,000	900,000	Jun-03	Mar-05	Oct-03	Oct-05	Jul-09	
North Davis Sewer District (Increase)	157		+	L	2.33%		20yrs	I, II	20,000,000	750,000	Jun-03	Mar-05	Oct-03	Oct-05	Jul-09	
Central Davis County SD	155		+	L	1.90%		20yrs	IVa & b, I	2,700,000	2,700,000	May-03	May-03	Jun-03	Jun-03	Jun-03	
Central Davis County SD (Increase)	155		+	L	0.50%		20yrs	IVa & b, I	2,700,000	405,000	May-03	Apr-05	Jun-03	Jun-05	Nov-08	
Central Valley WRF	158		+	L	3.00%		20yrs	IIb	36,100,000	35,000,000	Jul-04	Apr-05	Apr-05	Dec-04	Mar-10	
Moroni City	150		+	L	0.50%		20yrs	II	2,635,000	3,772,000	Sep-03	Jun-05	Oct-03	Dec-04	Jul-07	
Hooper City	151		+	L	2.75%		20yrs	IVa	7,874,000	12,000,000	Apr-04	Jun-06	Aug-05	Mar-06	Dec-06	
Gardner	NPS003		+	L	0.00%		30yrs	NPS	83,200	83,200	May-07	May-07	May-07	Apr-06	May-07	
Waldron	NPS001		+	L	0.00%		20yrs	NPS	80,000	94,640	Jul-06	Jul-06	Jul-06	Jul-06	Jul-06	
Jensen	NPS004		+	L	0.00%		20yrs	NPS	41,600	41,600	Mar-07	Mar-07	Mar-07	Mar-07	Mar-07	
North Fork SSD	227		+	L	3.00%		20yrs	I & II	1,840,000	3,810,000	Nov-06	Nov-06	Nov-06	Nov-07	Oct-08	
Ward	NPS005		+	L	0.00%		20yrs	NPS	31,200	31,200	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	
Ward	NPS006		+	L	0.00%		20yrs	NPS	23,920	23,920	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	
Wolf Creek	837		+	L	3.00%		20yrs	I	5,300,000	5,300,000	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	
Magna Water Co.	838		+	L	0.00%		20yrs	II	5,000,000	5,000,000	Aug-07	Aug-07	Aug-07	Aug-07	Dec-09	
Beckstead	NPS007		+	L	0.00%		20yrs	NPS	47,320	47,320	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	
Amherst	NPS005		+	L	0.00%		20yrs	NPS	20,800	20,800	Jan-08	Jan-08	Jan-08	Jan-08	Jan-08	
South Valley WRF	162		+	L	2.30%		20yrs	II	20,100,000	20,100,000	Apr-08	Apr-08	Apr-08	Mar-10	Jan-11	
South Valley WRF	NPS162		+	L	2.30%		20yrs	NPS	2,010,000	2,010,000	Apr-08	Apr-08	Apr-08	Mar-10	Jan-11	
Richmond City	241		+	L	0.00%		20yrs	I & II	3,315,000	3,316,000	Apr-08	Apr-08	Apr-08	Jun-11	Mar-10	
Central Weber SID	242		+	L	2.30%		20yrs	II	20,100,000	10,050,000	Apr-08	Apr-08	Apr-08	Jun-11	Mar-10	
Central Weber SID	NPS242		+	L	2.30%		20yrs	II	2,010,000	1,005,000	Apr-08	Apr-08	Apr-08	Jun-11	Mar-10	
Waymont	NPS010		+	L	0.00%		20yrs	NPS	114,026	114,026	Sep-08	Sep-08	Sep-08	Sep-08	Sep-08	
Eagle Mountain City	234		+	L	1.00%		20yrs	IVa	6,665,000	6,665,000	Apr-06	Apr-06	Apr-06	Apr-06	Apr-06	
Hooper City (Increase)	136		+	L	0.00%		30yrs	IVa	1,000,000	1,000,000	Dec-08	Dec-08	Dec-08	Apr-09	Apr-08	
Perry City	244		+	L	0.00%		20yrs	II & IVa	11,350,000	5,875,000	Dec-08	Dec-08	Dec-08	Feb-09	Apr-08	
Stockton Town	171		+	L	0.00%		20yrs	IIIb	1,502,000	7,400,000	Sep-09	Sep-09	Sep-09	Sep-10	Aug-10	
Riverdale City	178		+	L	0.00%		20yrs	I	6,450,000	6,450,000	Nov-09	Nov-09	Nov-09	Dec-11		
Salt Lake City Corporation	173		+	L	0.00%		20yrs	II	5,025,000	5,025,000	Dec-09	Dec-09	Dec-09	Dec-09	Aug-10	
Kearns Improvement District	174		+	L	0.00%		20yrs	IIIb	850,000	850,000	Dec-09	Dec-09	Dec-09	Sep-10	Jan-11	
Price City	177		+	L	0.00%		20yrs	IIIb	2,882,000	2,882,000	Dec-09	Dec-09	Dec-09	Dec-10		
Roosevelt City	175		+	PF	0.00%		20yrs	I & IIIb	484,200	484,200	Aug-09	Aug-09	Aug-09	Dec-10		
Salt Lake County	183		+	L	0.00%		n/a	VII-K	11,889,000	11,889,000	Feb-10	Feb-10	Feb-10	Apr-12		
Orem City	172		+	L	0.00%		20yrs	I	512,000	512,000	Feb-10	Feb-10	Feb-10	Nov-10	Aug-10	
Parowan City	176		+	L	0.00%		20yrs	II	500,000	500,000	Aug-09	Aug-09	Aug-09	Jan-10	May-10	
Utah State University Research Foundation	180		+	PF	0.00%		n/a	II	300,000	300,000	Aug-09	Aug-09	Aug-09	Dec-10		
Snyderville Basin WRD	181		+	PF	0.00%		n/a	VII-K	1,150,000	1,150,000	Sep-09	Sep-09	Sep-09	Sep-10		
Ogden City	184		+	PF	0.00%		n/a	VII-K	577,500	577,500	Aug-09	Aug-09	Aug-09	Dec-10		
Salt Lake City Corporation - Green	182		+	PF	0.00%		n/a	VII-K	540,788	540,788	Aug-09	Aug-09	Aug-09	Dec-10		
Utah Division of Wildlife Resources	179		+	PF	0.00%		n/a	VII-K	11,668,000	11,668,000	Oct-10	Oct-10	Oct-10	Apr-12		
Mona City	166		+	L	0.00%		30yrs	I	835,000	835,000	Dec-10	Dec-10	Dec-10	Apr-12		
Washington Terrace	187		+	L	2.50%		20yrs	IIIb	3,000,000	3,000,000	Dec-10	Dec-10	Dec-10	Dec-11		
Stansbury Park	186		+	L	2.50%		20yrs	I	1,000,000	1,000,000	Dec-10	Dec-10	Dec-10	Apr-12		
Ogden City	184-B		+	L	0.00%		n/a	VII-K	3,000,000	3,000,000	Apr-11	Apr-11	Apr-11	Dec-11		
Lindon City	188		+	L	2.50%		20yrs	IIIb	3,000,000	3,000,000	Apr-11	Apr-11	Apr-11	Apr-12		
TOTAL LOANS										375,060,048						
Admin Costs - N4900018810 thru CS4900011										7,064,743						
Total Binding Commitments										382,124,791						

TABLE 2
UTAH STATE REVOLVING FUND
CASH DRAW SCHEDULE FOR STATE FISCAL YEAR 2011

Recipient Name	Project Number	Source of Funding			Previously Disbursed	SFY 2011					SFY 2011 Apr - June 4th Qtr	SFY 2011 Jan - Mar 3rd Qtr	SFY 2011 Oct - Dec 2nd Qtr	SFY 2011 Jan - Mar 3rd Qtr	SFY 2011 Apr - June 4th Qtr	SFY 2011 Total	Remaining Balance
		ARRA	Cap Grant	Secord Round		Loan Amount	July - Sept 1st Qtr	Oct - Dec 2nd Qtr	Jan - Mar 3rd Qtr	Apr - June 4th Qtr							
Central Weber SID	242			●		11,055,000	10,195,025				869,975				869,975		0
Keams Improvement District	174	▲		●		5,025,000	2,400,000	1,000,000				800,000				1,800,000	825,000
Lindon City	188			●		3,000,000	0				3,000,000				3,000,000		0
Mona City	186		❖	●		11,668,000	0				5,000,000		3,605,000		8,505,000		3,063,000
Ogden City	184	▲				1,150,000	0	969,999					190,001			1,150,000	0
Ogden City	194B		❖			1,000,000	0						362,861	258,696	378,443	1,000,000	0
Orem City	172		❖	●		11,889,000	1,908,000	1,500,000				2,000,000	4,000,000			7,500,000	2,481,000
Parowan City	176		❖			512,000	100,000	412,000								412,000	0
Price City	177	▲	❖			950,000	100,000	750,000								750,000	0
Riverdale City	178			●		1,502,000	555,000	292,000					655,000			947,000	0
Roosevelt City	175	▲	❖			2,892,000	318,000	500,000					1,300,000	655,000		2,450,000	114,000
Salt Lake City	179	▲	❖	●		6,450,000	1,750,000						2,000,000	2,690,000		4,590,000	0
Salt Lake City - Green	182	▲				577,500	0									0	577,500
Salt Lake County	183	▲				484,200	24,268	379,139								379,139	80,793
Snyderville Basin	181	▲		●		300,000	0					285,104				285,104	14,896
South Valley WRF	162			●		22,110,000	20,839,000	465,000								465,000	805,000
Stansbury Park	186			●		3,000,000	0						3,000,000			3,000,000	0
Stockton Town	171	▲		●		7,400,000	2,117,000	4,300,000								4,300,000	883,000
Utah Div. of Wildlife Resources	179	▲				540,786	203,497							316,212	1,226	317,438	19,853
Washington Terrace	187			●		835,000	0						835,000			835,000	0
Utah Administrative Costs								19,705					247,652	132,552	229,388	529,337	
TOTAL						92,230,486	40,518,790	10,578,842					18,195,554	7,132,564	9,469,032	43,375,962	8,964,943
Federal LOC							8,525,692	5,632,315	3,214,081						4,769,158	22,141,266	
State Match							131,369	468,238	718,216						157,899	1,475,722	
SPF Reapportionment Fund							1,921,782	10,095,000	3,200,257						4,356,975	19,584,014	
Utah Wastewater Loan Fund							0	0	0				0	0	175,000	175,000	

CWSRF Benefits Reporting

Loan: 39 of 45	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 166	Other #:
Borrower: Mona City	Loan Execution Date: 10/12/2010	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 0.00%	Original Tracking #:	
Loan Amount \$: \$11,668,000	Repayment Period: 30	Same Environmental Results: <input type="checkbox"/>	
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 100%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 11,668,000	Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/>	Total NPS Projects: 0	

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: Construction of a new wastewater treatment plant

Facility Name:

Population Served (Current) :

by the Project: 1,402
by the Facility: 1,402

Wastewater Volume (Design Flow) :

by the Project: 0.5000mgd Volume Eliminated/Conserved: 0.0000mgd
by the Facility: 0.5000mgd

Needs Categories:

I Secondary Treatment \$11,668,000 100%

Discharge Information:

☐ Ocean Outfall ☐ Estuary/Coastal Bay ☐ Wetland ☒ Surface Water ☐ Groundwater ☐ Land Application
☐ Other/Reuse ☐ Eliminates Discharge ☐ No Change / No Discharge ☐ NEP Study ☐ Seasonal Discharge

NPDES Permit Number:

☐ No NPDES Permit

Other Permit Type:

Other Permit Number:

Affected Waterbodies:

Waterbody Name

Waterbody ID

State Waterbody ID

Receiving Waterbody

Primary Impacted :

☐

Other Impacted :

☐

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality Maintenance.
b. Allows the system to Not Applicable
c. Affected waterbody is Not Applicable
d. Allows the system to address..... ☐ Existing TMDL ☐ Projected TMDL ☒ Watershed Management Plan

Other Uses and Outcomes (Selected):

Infrastructure Improvement
Water Reuse/Recycling/Conservation
Groundwater Protection

Protection:

Primary
Secondary
Secondary

Restoration:

Comments:

CWSRF Benefits Reporting

Loan: 40 of 45	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 187	Other #:
Borrower: Washington Terrace	Loan Execution Date: 12/15/2010	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 2.50%	Original Tracking #:	
Loan Amount \$: \$835,000	Repayment Period: 20	Same Environmental Results: <input type="checkbox"/>	
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 100%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 835,000	Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/>	Total NPS Projects: 0	

Project: 1 of CW Needs Survey Number ; # of NPS Projects: 0

Project Description: To replace existing aged and failing reinforced concrete pipe

Facility Name:

Population Served (Current) :

by the Project: 8,515
by the Facility: 8,515

Wastewater Volume (Design Flow) :

by the Project: 0.0000mgd Volume Eliminated/Conserved: 0.0000mgd
by the Facility: 0.0000mgd

Needs Categories:

III-B Sewer System Rehabilitation \$835,000 100%

Discharge Information:

☐ Ocean Outfall ☐ Estuary/Coastal Bay ☐ Wetland ☐ Surface Water ☐ Groundwater ☐ Land Application
☐ Other/Reuse ☐ Eliminates Discharge ☒ No Change / No Discharge ☐ NEP Study ☐ Seasonal Discharge
NPDES Permit Number: ☐ No NPDES Permit
Other Permit Type: Other Permit Number:

Affected Waterbodies:

Waterbody Name

Waterbody ID

State Waterbody ID

Receiving Waterbody

Primary Impacted :

Other Impacted :

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality Not Applicable
b. Allows the system to Not Applicable
c. Affected waterbody is Not Applicable
d. Allows the system to address..... ☐ Existing TMDL ☐ Projected TMDL ☐ Watershed Management Plan

Other Uses and Outcomes (Selected):

Infrastructure Improvement

Protection:

Restoration:

Primary

Comments: Local contribution is \$120,000; STAG is \$355,000

CWSRF Benefits Reporting

Loan: 41 of 45	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 186	Other #:
Borrower: Stansbury Park	Loan Execution Date: 12/15/2010	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 2.50%	Original Tracking #:	
Loan Amount \$: \$3,000,000	Repayment Period: 20	Same Environmental Results:	<input type="checkbox"/>
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 45%	ARRA Funding:	<input type="checkbox"/>
Total from all Projects \$: 3,000,000	Multiple nonpoint source projects with similar Environmental Results:	<input type="checkbox"/>	Total NPS Projects: 0

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: To upgrade their existing wastewater treatment facility from a facultative lagoon system to an aerated lagoon system

Facility Name:

Population Served (Current) :

by the Project: 9,223
by the Facility: 9,223

Wastewater Volume (Design Flow) :

by the Project: 0.9700mgd Volume Eliminated/Conserved: 0.0000mgd
by the Facility: 0.9700mgd

Needs Categories:

I Secondary Treatment \$3,000,000 100%

Discharge Information:

☐ Ocean Outfall ☐ Estuary/Coastal Bay ☐ Wetland ☒ Surface Water ☐ Groundwater ☐ Land Application
☐ Other/Reuse ☐ Eliminates Discharge ☐ No Change / No Discharge ☐ NEP Study ☐ Seasonal Discharge
NPDES Permit Number: UT0025241 ☐ No NPDES Permit
Other Permit Type: Other Permit Number:

Affected Waterbodies:

Waterbody Name	Waterbody ID	State Waterbody ID	Receiving Waterbody
Primary Impacted : Unnamed Ditch			<input type="checkbox"/>
Other Impacted :			<input type="checkbox"/>

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality Improvement.
b. Allows the system to Maintain Compliance.
c. Affected waterbody is Not Applicable
d. Allows the system to address..... ☐ Existing TMDL ☐ Projected TMDL ☐ Watershed Management Plan

Comments: Local contribution is \$3,633,000

CWSRF Benefits Reporting

Loan: 44 of 45	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 184b	Other #:
Borrower: Ogden City	Loan Execution Date: 12/16/2010	Incremental Funding: Y	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 0.00%	Original Tracking #:	
Loan Amount \$: \$1,000,000	Repayment Period: 0	Same Environmental Results: <input checked="" type="checkbox"/>	
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 100%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 1,000,000		Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/> Total NPS Projects: 1	

Project: 1 of CW Needs Survey Number : # of NPS Projects: 1

Project Description: Stream restoration.

Facility Name:

Population Served (Current) :

by the Project: 82,702

by the Facility: 0

Wastewater Volume (Design Flow) :

by the Project: 0.0000mgd

Volume Eliminated/Conserved: 0.0000mgd

by the Facility: 0.0000mgd

Needs Categories:

VII-K Hydromodification

\$1,000,000 100%

Discharge Information:

☐ Ocean Outfall

☐ Estuary/Coastal Bay

☐ Wetland

☐ Surface Water

☐ Groundwater

☐ Land Application

☐ Other/Reuse

☐ Eliminates Discharge

☒ No Change / No Discharge

☐ NEP Study

☐ Seasonal Discharge

NPDES Permit Number:

☐ No NPDES Permit

Other Permit Type:

Other Permit Number:

Affected Waterbodies:

Waterbody Name

Waterbody ID

State Waterbody ID

Receiving Waterbody

Primary Impacted :

☐

Other Impacted :

☐

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality

Improvement

b. Allows the system to

Not Applicable

c. Affected waterbody is

Impaired.

d. Allows the system to address.....

☐ Existing TMDL

☐ Projected TMDL

☒ Watershed Management Plan

Designated Surface Water Uses (Selected):

Class 3A — Cold water aquatic life

Protection:

Restoration:

Primary

Other Uses and Outcomes (Selected):

Wetland Restoration

Protection:

Restoration:

Secondary

Comments:

CWSRF Benefits Reporting

Loan: 42 of 45	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 188	Other #:
Borrower: Lindon City	Loan Execution Date: 04/11/2011	Incremental Funding: N	Phase #: 0
Assistance Type: Loan	Loan Interest Rate: 2.50%	Original Tracking #:	
Loan Amount \$: \$3,000,000	Repayment Period: 20	Same Environmental Results:	<input type="checkbox"/>
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 100%	ARRA Funding:	<input type="checkbox"/>
Total from all Projects \$: 3,000,000		Multiple nonpoint source projects with similar Environmental Results:	<input type="checkbox"/> Total NPS Projects: 0

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: To upgrade its existing wastewater collection system

Facility Name: Lindon City

Population Served (Current) :

by the Project: 11,072

by the Facility: 11,072

Wastewater Volume (Design Flow) :

by the Project: 1.0450mgd

Volume Eliminated/Conserved: 0.0000mgd

by the Facility: 1.0450mgd

Needs Categories:

III-B Sewer System Rehabilitation \$3,000,000 100%

Discharge Information:

☐ Ocean Outfall

☐ Estuary/Coastal Bay

☐ Wetland

☐ Surface Water

☐ Groundwater

☐ Land Application

☐ Other/Reuse

☐ Eliminates Discharge

☒ No Change / No Discharge

☐ NEP Study

☐ Seasonal Discharge

NPDES Permit Number:

☐ No NPDES Permit

Other Permit Type:

Other Permit Number:

Affected Waterbodies:

Waterbody Name

Waterbody ID

State Waterbody ID

Receiving Waterbody

Primary Impacted :

☐

Other Impacted :

☐

Project Improvement/Maintenance of Water Quality:

a. Contributes to water quality

Maintenance.

b. Allows the system to

Maintain Compliance.

c. Affected waterbody is

Not Applicable

d. Allows the system to address.....

☐ Existing TMDL

☐ Projected TMDL

☐ Watershed Management Plan

Other Uses and Outcomes (Selected):

Regionalization/Consolidation

Protection:
Secondary

Restoration:

Comments:

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF NET ASSETS
June 30, 2011**

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 40,607,923
Receivables:	
Amount due from EPA	29,292
Amount due from State	92,166
Loan interest	254,785
Hardship assessments	879,415
Loans Receivable	12,900,546
Total current assets	<u>54,764,127</u>

NONCURRENT ASSETS

Loans receivable	<u>186,629,641</u>
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TOTAL ASSETS	<u>241,393,768</u>
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LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Due to State	31,159
Due to Other Funds	46,083
Accounts Payable	<u>-</u>

TOTAL LIABILITIES	77,242
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NET ASSETS

Unrestricted	<u>241,316,526</u>
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TOTAL NET ASSETS	<u><u>\$ 241,316,526</u></u>
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The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2011**

	<u>Total</u>
OPERATING REVENUES	
Loan interest	\$ 512,511
Hardship assessments	2,292,609
Late Fees	1,275
EPA Program Administration Fees	502,222
Loan Origination Fees	108,822
Total Operating Revenues	<u>3,417,439</u>
OPERATING EXPENSES	
Hardship grants	3,011,850
Principal Forgiveness	11,899,677
EPA Program Administration	505,944
Total Operating Expenses	<u>15,417,471</u>
OPERATING INCOME (LOSS)	<u>(12,000,032)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	308,770
EPA capitalization grants - Loans	8,612,239
EPA capitalization grants - Principal Forgiveness	11,899,677
State match	1,475,722
Transfers in	-
Transfers out	(113,738)
Total nonoperating revenues(expenses)	<u>22,182,670</u>
CHANGE IN NET ASSETS	<u>10,182,638</u>
NET ASSETS, BEGINNING OF YEAR	<u>231,133,888</u>
NET ASSETS, END OF YEAR	<u><u>\$241,316,526</u></u>

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF CASH FLOWS
June 30, 2011**

	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from loan interest and penalties	\$ 537,269
Cash received from hardship assessments	2,370,176
Loan origination fees received	105,100
Loans disbursed	(30,671,975)
Hardship grants disbursed	(3,353,735)
Principal received on loans receivable	25,939,828
Principal forgiveness disbursed	(12,101,951)
Grant awards	509,167
Program administration	(511,247)
Charges for services	(751)
Project administration	-
Net cash (required) by operating activities	<u>(17,178,119)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Funds received from EPA capitalization grants - Loans	9,083,920
Funds received from EPA capitalization grants - Principal Forgiveness	11,630,271
Transfers in	3,722
Transfers out	-
Funds received from State of Utah	1,361,984
Net cash provided by noncapital financing activities	<u>22,079,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment income received	308,769
Net cash provided by investing activities	<u>308,769</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,210,547
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	35,397,376
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 40,607,923</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (12,000,032)
Changes in assets and liabilities related to operations:	
(Increase)/Decrease in loan interest receivable	23,483
(Increase)/Decrease in hardship assessments receivable	169,733
(Increase)/Decrease in amount due from EPA	6,945
(Decrease)/Increase accounts payable	(434,802)
(Decrease)/Increase in amount due to State	(211,299)
(Increase)/Decrease accounts receivable	-
(Increase)/Decrease loans receivable	(4,732,147)
Net cash (required) by operating activities	<u>\$ (17,178,119)</u>

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Utah Department of Environmental Quality, Division of Water Quality - State Revolving Fund (SRF or Fund) program was established pursuant to federal action in order to assist public water systems by providing low interest rate loans for preservation and protection projects that meet eligibility requirements. The United States Environmental Protection Agency (EPA) allows up to four percent (4%) of the Capitalization Grant award for the administrative costs of the program. Funding from the 4% administration portion of the capitalization grant and from the collection of loan origination fees allows for both the supervision of the SRF program and for management oversight for individual projects.

The Water Quality Board (the Board) is comprised of eleven members appointed by the Governor. The Board develops policies and procedures for program implementation and authorizes loans under the SRF program. The Utah Department of Environmental Quality (DEQ) and the Board jointly manage the SRF program. The DEQ, Division of Water Quality reviews loan applications for eligibility, prioritizes eligible projects, monitors loan disbursements and repayments, and conducts project inspections. Through the Utah Code, the legislature has given the Board rule making authority that meets federal law requirements. The Board reviews each loan applicant to determine its ability to repay the loan, its readiness to proceed with the project, and its ability to complete the project.

The SRF program receives assistance and support from the Department of Environmental Quality - Office of Support Services, the Department of Administrative Services - Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office. Salaries and benefits of employees, as well as indirect costs based on direct salary costs, are accumulated in the state's general fund and charged to the SRF based on actual time spent on SRF activities. Employees who charge time to the SRF are covered by the State of Utah personnel benefits plan.

The SRF program is funded by a series of capitalization grant awards from EPA. Grant conditions require States to provide twenty percent (20%) matching funds to the federal Capitalization Grant.

The Fund follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

The SRF program and activities are included in the Utah Comprehensive Annual Financial Report (CAFR) as part of the Proprietary Funds (Water Loan Programs). The SRF assets, liabilities, and net assets are combined with other state programs and are not separately identifiable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund conform to generally accepted accounting principles as applicable to a governmental unit accounted for as a proprietary enterprise fund. The enterprise fund is used since the Fund's powers are related to those operated in a manner similar to a for profit business where an increase in net assets is an appropriate determination of accountability.

Basis of Accounting

The SRF financial statements are presented as an enterprise fund. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. All assets and liabilities associated with the operation of the SRF are included in the statement of net assets. The SRF has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board (GASB), as well as statements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

In accordance with the Money Management Act, Section 51-7 of the Utah Code, the State Treasurer administers cash and manages investments in the State. The Money Management Act specifies the investments that may be made, which are only high-grade securities. Investments include variable rate corporate notes and obligations of U.S. government agencies that base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate. Therefore, there is very little market risk because the investments follow the normal swings of interest rates. Cash equivalents are generally considered short-term highly liquid investments with maturity of three months or less from the purchase date.

All funds deposited with the treasurer are considered to be cash or cash equivalents regardless of the actual maturities of the underlying investments in the statement of cash flows. Investments in debt and equity securities are reported at fair value in the statement of net assets, and all investment income, including changes in the fair value, are reported in the statement of revenue, expenses, and changes in fund net assets.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The SRF distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net assets. Operating revenues and expenses generally result from carrying out the purpose of the SRF of providing low interest loans to communities and providing assistance for prevention programs and administration. Operating revenues consist of loan interest repayments from borrowers. Operating expenses include allocated direct salary costs and benefits, allocated indirect costs and allowance for bad debt. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

The EPA capitalization grant and the associated State match are recorded as capital contributions, except for principal forgiveness which is reported as non-operating revenue, and the 4% administrative match which is reflected as operating revenue.

When both restricted and unrestricted resources are available for use, it is the Fund's policy to follow the State of Utah's policy as defined in the State of Utah Comprehensive Annual Financial Report.

Hardship Assessments

The Board has the option to charge a hardship assessment in lieu of interest on reuse loans. Hardship assessments are calculated and paid in the same manner as interest. The restriction for the use of hardship assessments differs from the restriction for the use of interest. Hardship assessments can be used for purposes other than loans, including grants to disadvantaged communities. As of June 30, 2011, accumulated unspent hardship assessments total \$13,507,572.

Loan Origination Fee

The Water Quality Board charges a Loan Origination Fee up to 1% of the principal loan amount. This fee may be used for any allocable activities under the Act and administration of the loan program. As of June 30, 2011, accumulated unspent loan origination fees total \$387,406.

Budgets

The SRF, as an enterprise fund of the State, does not require appropriation, and therefore, the SRF is not included in Utah's annual appropriation.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes during the reporting period. Actual results could differ from those estimates.

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, loan repayments and fund earnings. Interest is calculated from the date that funds are advanced. After the final disbursement has been made, the loan agreement is adjusted for the actual amounts disbursed. Loans are amortized over periods up to 30 years. Loan repayments must begin within one year of construction completion or one year from the initial loan disbursement, depending upon the type of loan agreement, and are made on an annual basis.

Loans funded by principal forgiveness grants are advanced to local agencies and forgiven as each disbursement occurs. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

Allowance for Bad Debts

The allowance for bad debts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Loans receivable are charged against the allowance for bad debts when management believes that the uncollectibility of the principal is probable. The allowance for bad debts was \$0 at June 30, 2011.

NOTE 3 – CASH AND INVESTMENTS

All monies of the SRF are deposited with the Utah State Treasurer and are considered cash and cash equivalents. All cash deposited with the State Treasurer is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short term securities and other investments.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF. Details of the investments of the PTIF can be obtained from the State Treasurer.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities which minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants' share of the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, the investments are valued at fair value. The SRF has adjusted the PTIF funds to fair value as of June 30, 2011.

Investments in PTIF are not categorized because they are not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents are presented below:

Pooled cash held by State Treasurer	\$ 441,531
Public Treasurer's Investment Fund	<u>40,166,392</u>
Total cash and cash equivalents	\$40,607,923

NOTE 4 – LOANS RECEIVABLE

Loans are made to qualifying entities for projects that meet eligibility criteria. The SRF loan awards are comprised of the following funding sources: (1) the federal EPA Capitalization Grants; (2) State match funds; (3) loan repayments; (4) interest payments; and (5) SRF interest earnings. Projects are funded through the purchase of an incremental disbursement bonds and proceeds are deposited into an escrow account based on a quarterly schedule of anticipated costs. Loan interest begins accruing when funds are deposited in the escrow account. Principal repayment must begin no later than one year after the completion of the project. Effective interest rates and hardship assessments on loans vary between 0.0 and 5.0 percent and are generally repaid over 20-30 years. The interest rates on the loans are generally lower than market rates and, in some cases, are non-interest bearing. Loans mature at various intervals and recipients make annual payments.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

NOTE 4 – LOANS RECEIVABLE (CONTINUED)

Loans mature at various intervals through June 30, 2042 and the scheduled principal repayments on loans follows:

Year Ending June 30,	Amount
2012	\$12,900,546
2013	10,786,623
2014	10,714,645
2015	10,592,648
2016	11,067,789
2017 – 2021	54,886,902
2022 – 2026	45,375,538
2027 – 2031	31,127,696
2032 – 2036	9,071,800
2037 – 2042	3,006,000
	\$199,530,187

Loans to Major Local Agencies

The Fund has made loans to the following major local agencies. The aggregate outstanding loan balances for each of these agencies exceed 5 percent of total loans receivable. The combined outstanding loan balances at June 30, 2011 of these major local agencies represent approximately 37 percent of the total loans receivable and are as follows:

Borrower	Authorized Loan Amount	Outstanding Loan Balance
Central Weber Sewer Improvement	\$ 11,055,000	\$ 10,047,847
Central Valley Water Reclamation	35,000,000	11,042,000
Hooper City	12,665,000	11,985,000
North Davis County Sewer	25,650,000	19,666,000
South Valley Water Reclamation	22,110,000	20,100,000
Total	\$ 106,480,000	\$ 72,840,847

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2011
Unaudited**

NOTE 5 – DUE TO STATE OF UTAH

Due to State of Utah balances are an aggregation of amounts due to employees for salaries and benefits and/or vendors and miscellaneous suppliers paid by the state.

NOTE 6 – CAPITAL CONTRIBUTIONS

The following table summarized the activity of the State's Clean Water Revolving Loan Fund by award year:

Year	Grant Award	Funds Drawn as of June 30, 2010	Funds Drawn During Year Ended June 30, 2011	Total Funds Drawn as of June 30, 2011	Available Funds as of June 30, 2011
1988 – 2005	\$135,393,094	\$135,393,094	\$ -	\$135,393,094	\$ -
2006	4,560,700	4,560,700	-	4,560,700	-
2007	5,596,300	5,596,300	-	5,596,300	-
2008	3,521,700	3,419,159	102,541	3,521,700	-
2009	3,521,600	3,380,736	140,864	3,521,600	-
2009 ARRA	20,649,900	8,293,974	11,662,883	19,956,857	693,043
2010	10,736,000	1,250,039	9,112,381	10,362,420	373,580
2011	7,759,000	-	-	-	7,759,000
Totals	\$191,738,294	\$161,894,002	\$21,018,669	\$182,912,971	\$8,825,623

The following table summarizes the amount of state contributions made to meet match requirements of the EPA grant:

State match paid as of June 30, 2010	\$32,665,878
State match paid during the year ended June 30, 2011	<u>1,475,722</u>
State match paid as of June 30, 2011	\$34,141,600

NOTE 7 – RISK MANAGEMENT

The SRF is included in Utah's Risk Management Fund, which provides insurance in case of loss or claims against the SRF. The State has elected, with a few exceptions, to be self-insured against loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, settled claims have not exceeded insurance coverage in the last three fiscal

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY – STATE REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

Unaudited

years. Refer to the State's Risk Management disclosure in the June 30, 2011 Comprehensive Annual Financial Reports.

NOTE 8 – CONTINGENCIES AND SUBSEQUENT EVENTS

Authorized Projects

As of June 30, 2011, the total remaining draws for projects with closed loans was \$8,965,269. Draws will be completed during future fiscal years in order to complete wastewater projects in these communities. As of June 30, 2011, the Board had authorized an additional \$30,092,000 for wastewater projects in four communities. However, loan closing had not been completed for these projects.

NOTE 9 – NET ASSETS

Governmental Accounting Standards Board Statement No. 34 provides for three components of net assets: invested in capital assets, net of related debt, restricted and unrestricted. As of June 30, 2011, the Fund had no restricted net assets or net assets invested in capital assets, net of related debt. Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted. Although the Fund reports unrestricted net assets on the face of the statements of net assets, unrestricted net assets are to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and are to remain in the Fund.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF NET ASSETS
June 30, 2011**

	SRF Fund	Loan Origination Fee Fund	Hardship Fund	Total
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 26,712,945	\$ 387,406	\$ 13,507,572	\$ 40,607,923
Receivables:				
Amount due from EPA	29,292			29,292
Amount due from State			92,166	92,166
Loan interest	254,785	-	-	254,785
Hardship assessments	-	-	879,415	879,415
Loans Receivable	12,722,546	-	178,000	12,900,546
Total current assets	39,719,568	387,406	14,657,153	54,764,127
NONCURRENT ASSETS				
Loans receivable	186,629,641	-	-	186,629,641
TOTAL ASSETS	226,349,209	387,406	14,657,153	241,393,768
LIABILITIES AND NET ASSETS				
LIABILITIES				
CURRENT LIABILITIES				
Due to State	31,159	-	-	31,159
Due to Other Funds	-	-	46,083	46,083
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	31,159	-	46,083	77,242
NET ASSETS				
Unrestricted	226,318,050	387,406	14,611,070	241,316,526
TOTAL NET ASSETS	\$ 226,318,050	\$ 387,406	\$ 14,611,070	\$ 241,316,526

The accompanying notes are an integral part of the financial statements.

UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
June 30, 2011

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
OPERATING REVENUES				
Loan interest	\$ 512,511	\$ -	\$ -	\$ 512,511
Hardship assessments	-	-	2,292,609	2,292,609
Late Fees	1,275	-	-	1,275
EPA Program Administration Fees	502,222	-	-	502,222
Loan Origination Fees	3,722	105,100	-	108,822
Total Operating Revenues	1,019,730	105,100	2,292,609	3,417,439
OPERATING EXPENSES				
Hardship grants	-	-	3,011,850	3,011,850
Principal Forgiveness	11,899,677	-	-	11,899,677
EPA Program Administration	505,944	-	-	505,944
Total Operating Expenses	12,405,621	-	3,011,850	15,417,471
OPERATING INCOME (LOSS)	(11,385,891)	105,100	(719,241)	(12,000,032)
NONOPERATING REVENUES (EXPENSES)				
Investment income	213,893	-	94,877	308,770
EPA capitalization grants - Loans	8,612,239	-	-	8,612,239
EPA capitalization grants - Principal Forgiveness	11,899,677	-	-	11,899,677
State match	1,475,722	-	-	1,475,722
Transfers in	-	-	-	-
Transfers out	-	(113,738)	-	(113,738)
Total nonoperating revenues(expenses)	22,201,531	(113,738)	94,877	22,182,670
CHANGE IN NET ASSETS	10,815,640	(8,638)	(624,364)	10,182,638
NET ASSETS, BEGINNING OF YEAR	215,502,410	396,044	15,235,434	231,133,888
NET ASSETS, END OF YEAR	\$226,318,050	\$387,406	\$14,611,070	\$241,316,526

The accompanying notes are an integral part of the financial statements.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF CASH FLOWS
June 30, 2011**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from loan interest and penalties	\$ 537,269	\$ -	\$ -	\$ 537,269
Cash received from hardship assessments	-	-	2,370,176	2,370,176
Loan origination fees received	-	105,100	-	105,100
Loans disbursed	(30,671,975)	-	-	(30,671,975)
Hardship grants disbursed	-	-	(3,353,735)	(3,353,735)
Principal received on loans receivable	25,939,828	-	-	25,939,828
Principal forgiveness disbursed	(12,101,951)	-	-	(12,101,951)
Grant awards	509,167	-	-	509,167
Program administration	(511,247)	-	-	(511,247)
Charges for services	(751)	-	-	(751)
Project administration	-	-	-	-
Net cash (required) by operating activities	(16,299,660)	105,100	(983,559)	(17,178,119)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Funds received from EPA capitalization grants - Loans	9,083,920	-	-	9,083,920
Funds received from EPA capitalization grants - Principal Forgiveness	11,630,271	-	-	11,630,271
Transfers in	3,722	-	-	3,722
Transfers out	-	-	-	-
Funds received from State of Utah	1,475,722	(113,738)	-	1,361,984
Net cash provided by noncapital financing activities	22,193,635	(113,738)	-	22,079,897
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment income received	213,892	-	94,877	308,769
Net cash provided by investing activities	213,892	-	94,877	308,769
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,107,867	(8,638)	(888,682)	5,210,547
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,605,078	396,044	14,396,254	35,397,376
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 26,712,945	\$ 387,406	\$ 13,507,572	\$ 40,607,923
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (11,385,891)	\$ 105,100	\$ (719,241)	\$ (12,000,032)
Changes in assets and liabilities related to operations:				
(Increase)/Decrease in loan interest receivable	23,483	-	-	23,483
(Increase)/Decrease in hardship assessments receivable	-	-	169,733	169,733
(Increase)/Decrease in amount due from EPA	6,945	-	-	6,945
(Decrease)/Increase accounts payable	(751)	-	(434,051)	(434,802)
(Decrease)/Increase in amount due to State	(211,299)	-	-	(211,299)
(Increase)/Decrease accounts receivable	-	-	-	-
(Increase)/Decrease loans receivable	(4,732,147)	-	-	(4,732,147)
Net cash (required) by operating activities	\$ (16,299,660)	\$ 105,100	\$ (983,559)	\$ (17,178,119)

The accompanying notes are an integral part of the financial statements.